

An overview of **The Defense Logistics** **Agency**



**DoD's ONLY Logistics
Combat Support
Agency . . . Supporting
the Military Services &
Combatant Commanders
for Over 40 Years**



The DLA Enterprise

FY 02 Sales/Services:
\$21.5B

FY 03 Sales/Services:
\$25B

FY 04 Projection:
\$28.9B

3.3B

- **Troop Support:**
\$10.2B

- **Energy:** \$
5.2B
- **Distribution:**
\$ 2.2B
- **Other:**

Foreign Military Sales

- **95% of service's repair**
- **Sales: \$719M**
- **Shipments: 580Ks**
- **Supporting 144 Nations**

Scope of Business

- **45,000 Requisitions/Day**
- **8,200 Contracts/Day**
- **#54 Fortune 500 - Above Northrop Gr**
- **#2 in Top 50 Distribution Warehouses**
- **24 Distribution Depots**
- **5.2 Million Items**
- **24.7M Annual Receipts and Issues**
- **1411 Weapon Systems Supported**
- **147.7M Barrels Fuel Sold (FY 03)**
- **\$12.5B Annual Reutilizations/Dispos**

People

- **21,490 Civilians**
- **524 Active Duty Military**
- **637 Reserve Military**
- **Located in 48 States/28 Countries**



Defense Logistics Agency

CORPORATE STAFF

SPECIAL STAFF

DIRECTOR ★★ ★
VICE DIRECTOR ★ ★



DLA Director
Vice Admiral
Keith W. Lipper
Supply Corps,
United States Navy



Vice Director
Major General
Mary Saunders
United States
Air Force

DLA SUPPORT SERVICE
▼

J-1 HUMAN RESOURCE
▼

J-3 LOGISTICS OPERATION
★ ★

J-4 CUSTOMER OPERATION S & REA JESS
▼

J-6 INFORMATION OPEI V IONS
▼

J-8 FINANCIAL OPERATION
▼

J-9 JOINT RESERV E
I ★ ★ i

BUSINESS UNITS

DSCC
★

DSCR
★

DSCP
★

DESC
▼

DDC
★

DRMS
✉

SERVICE ACTIVITIES

DN SC

DLA-P ✉

DLA-E ✉

DLA-C ✉

DLIS ✉

DAPS

(Standup Aug 04)



Business Units: DSCC

Defense Supply Center Columbus Maritime/Land/Missile Lead Center

Customers

**Major
Commands**

**Maintenan
ce**

Activities

**Internation
al**

Customers

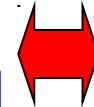


LAND

- Diesel Engines
- Transmissions
- Vehicle Chassis

ELECTRONICS

- Microcircuits
- Fiber Optics
- Connectors
- Communications
Equipment



MARITIME

- Steam Turbines
- Valves & Pumps
- Engine Fuel
Systems
- Compressors

MISSILES

- Gyro Components
- Sensors
- Launcher
Components
- Thermal Resistors

**Supplier
S**

OEM

**Competiti
ve**

Sources



Business Units: DSCR

Defense Supply Center Richmond Aviation Lead Center

Customers

**Major
Commands**

**Maintenance
Activities**

**International
Customers**

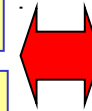


AVIATION

- Engine Components
- Bearings
- Air Frames

MAPS

- Maps
 - Charts
 - Graphs
- For all DoD
Activities**



ENVIRONMENTAL

- Re-refined Oil
- Battery Program
- Ozone Depleting Substances

INDUSTRIAL

- Lathes
- Milling Machines
- Heavy Industrial Machinery

Suppliers

OEM

**Competitive
Sources**



Business Units: DSCP

Defense Supply Center Philadelphia Troop Support Lead Center

Customers

**Major
Commands**

**Maintenan
ce**

Activities

**Internation
al**

Customers

CLOTHING & TEXTILES

- Outerwear
- Hats, Accessories
- Individual Equipment
- Sleeping Bags to Body

SUBSISTENCE

- Meals Ready to Eat
- Field Mess Equipment
- Dining Hall Items
- Fruits & Vegetables

MEDICAL

- X-Ray Machines
- MRI Equipment
- Surgical Supplies
- Dental Supplies
- Optical Products

GENERAL/INDUSTRIAL

- Wood
- Heavy Equipment
- Photo Supplies
- Fire Fighting
- Diving Equipment

**Supplier
S**

OEM

**Competiti
ve**

Sources



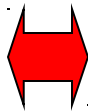
Business Units: DESC

Defense Energy Support Center Energy Lead Center

Customers

**Major
Commands**

**Base,
Camps,
Stations**



BULK FUELS

- Jet Fuel
- Ship Propulsion
- Diesel
- Gasoline
- Additives

INSTALLATIONS

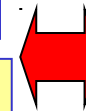
- Utility Privatization
- Natural Gas
- Coal
- Electricity

FACILITIES

- Bulk Fuel Storage
- Environmental
- Fuel Quality
- Maintenance, Repair

DIRECT DELIVERY

- Vehicle Fuel
- Heating Oil
- Commercial Airport Fuel



Suppliers

**Major Oil
Companies**

**Sub-
Contracts**



Business Units: DDC

Defense Distribution Center Distribution Lead Center

Customers
Military Services
DLA Inventory Control Points



Service Providers

SDDC
AMC
MSC
A-76 Commercial Providers
Commercial Transportation Providers



DDC Forward Stocking

- **Forward Stocking Tenets:**
 - **Reduce Strain on Strategic Air Transportation Assets**
 - **Bulk Items and Fast Movers**
 - **Reduce Transportation Costs**
 - **Reduce Logistics Response Time**
 - **Reduce Retail Inventories**
- **Forward Stocking Locations:**

CURRENT:

FUTURE:

Germersheim, GE Okinawa

Yokosuka, JA Guam

Pearl Harbor, HI Korea

Sigonella, Sicily SWA



Business Units: DRMS

Defense Reutilization and Marketing Service Reuse, Recycling and Disposal

Organizational Lead Center

At-A-Glance (FY03)

Structure

- 93 Offices Worldwide (14 Countries/39 States)
- 1516 Personnel
 - 12 Military
 - 177 Reserve DRT Members
 - 32 EE Positions

Services

- Reutilization Transfer
- Donation
- Demilitarization
- Environmental Disposal/Reuse
- Ammunition/Explosives and other
- Dangerous Articles (AEDA)
- Humanitarian Assistance
- Foreign Military Sales/Grant-in-Aid

Contingency Operations

- Operation Joint Guardian/Forge
 - Mar 96 - Present
 - 92 Mil/Civ Deployed
- Operation Enduring Freedom
 - Dec 01 - Present
 - 13 Mil/Civ Deployed
- Operation Iraqi Freedom

Customers

- Military Services
- DLA Inventory Control Points
- Federal / Public Agencies

Service Providers

- A-76 Commercial Providers
- Government Liquidity



Service Activities

Defense National Stockpile Center

10 Sites
173 Personnel
\$4.6 B Sales Since FY 93
\$20.6 B Inventory

Manages 60
Internationally
Traded Commodities

Defense Logistics Information Service

One Site
1,022 Personnel
\$135 M Budget

Services:
NATO Data Exchange,
Federal Logistics
Information Svc,
Cataloging

Defense Automation and Production Service

180 Locations in 14
Countries
985 Employees
\$390M Annual Sales

Services:
Digitization
Data Warehousing



Service Activities

Defense Logistics Agency - Europe

75 Offices

816 Personnel

- Liaison/planner at EUCOM
- Planners at USAFE, USAREUR and NAVEUR
- Customer reps at 10 sites - Germany, UK, Italy
- Area reps in Bosnia and Kosovo

- On-site, deployable logistics experts assist customers on all DLA supplies and services
- Provide EUCOM, components and units a single POC for DLA support

Defense Logistics Agency - Pacific

9 Sites

23 Personnel

AOR Covers 52% of Earth's Surface

- contains the World's 6th Largest Armed Forces

Provide Contingency & Deliberate Planning and on-site Customer Support



Focus on Customer: DLA Europe, Pacific, and Central Commands



- **DLA Overseas Commands Supporting EUCOM, PACOM, and CENTCOM**
 - **DLA-C to stand up Aug 04**
- **Single Focal Point for all Combatant Commander's Support Issues**
- **Customer Support and Lead Center Representation**
- **Lead for Theater Contingency and Exercise Planning**
- **Commands DLA Contingency Support Teams**
- **Provides Director with a Single Touch Point for all DLA**¹³



Warfighter Support... Focused on Customer

- **Combatant Command Liaison Officers:**
 - Inside Joint Staff J4, EUCOM, PACOM, CENTCOM, TRANSCOM, SOUTHCOM, STRATCOM, JFCOM, SOCOM & NORTHCOM
 - Provides J-4 with Planning, Contingency, and Single Point of Contact for DLA Logistics Support
- **DLA Contingency Support Teams**
 - Deploys with Force as Requested by Combatant Commanders
 - Bosnia, Kosovo, Croatia, Kuwait, Iraq, and Afghanistan
 - Provides On Site DLA Logistics, Asset Visibility Support
- **Customer Engagement Strategy**
 - National Account Managers/Customer Account Managers
 - Customer Service Representatives
 - Inside 71 Major Service Locations Globally
 - Provides the Single Point of Contact to All DLA Logistics
- **Deployment and Distribution Operations Center (DDOC)**



CENTCOM DDOC (CDDOC)

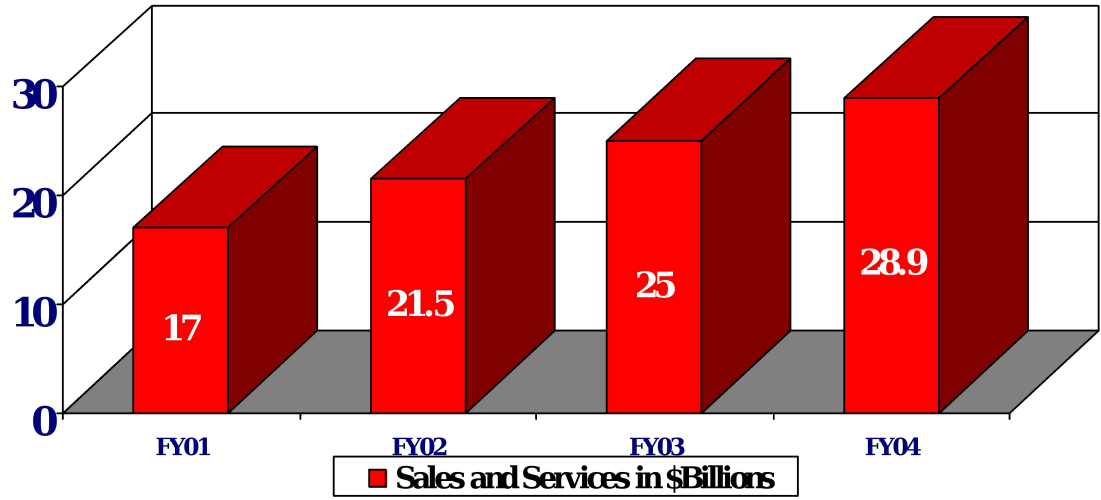
- **Collaboration**
 - **Customers and lift-providers share information and explore solutions to theater logistics problems**
- **Visibility & Synchronization of Cargo and Passengers**
 - **Experimented with ITV/TAV to improve visibility**
- **Forecasting**
 - **Enabling CFLCC and Multi National Force - Iraq MNF-I to synchronize war-fighter support**
- **Internet/Portal Technology**
 - **Central repository for theater distribution information**
- **Process Improvements**
 - **Theater Retrograde, Task Force Express**
- **Metrics to be refined**
- **Process changes to be incorporated into Joint and Service Doctrine**
- **DDOC being considered for support in other theaters**



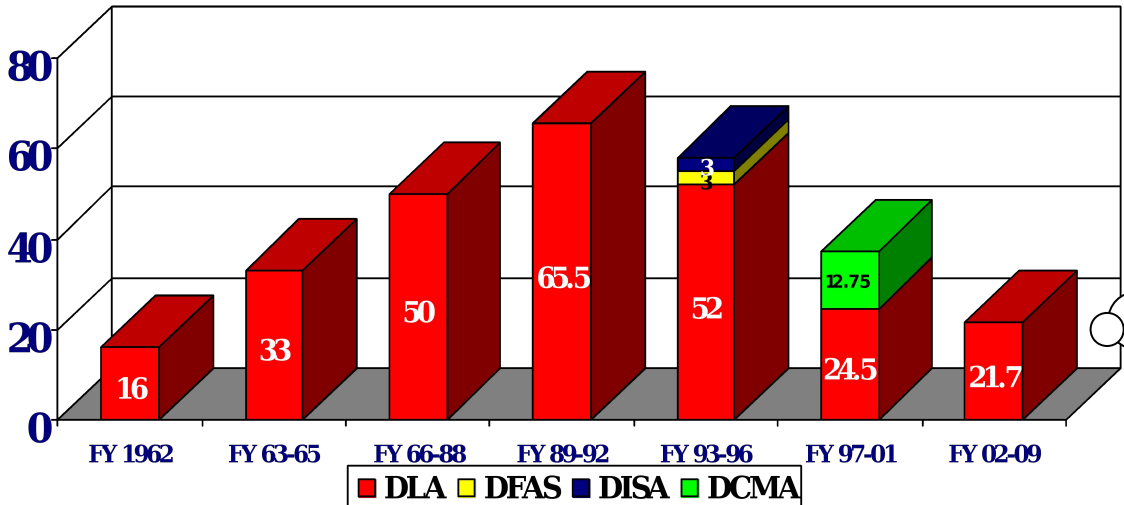
DLA Transition... ...Leaner...More Productive

From '01-'04, Sales and Services grew by 70%...

Billions of Dollars
Of Sales/Services



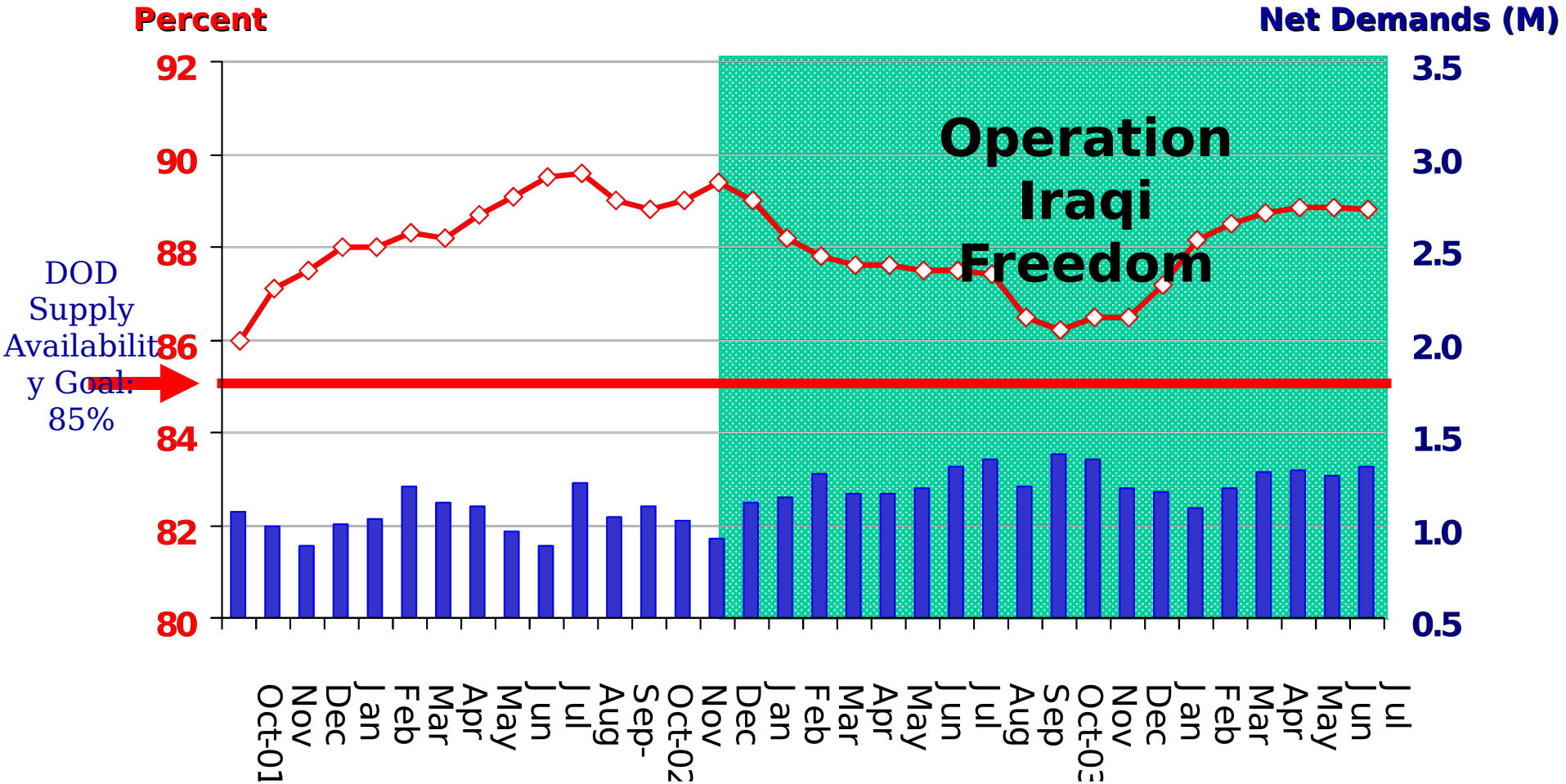
Personnel & Military Personnel (# In Thousands)



...while personnel levels fell to their lowest since 1963 ... 12% below DPG



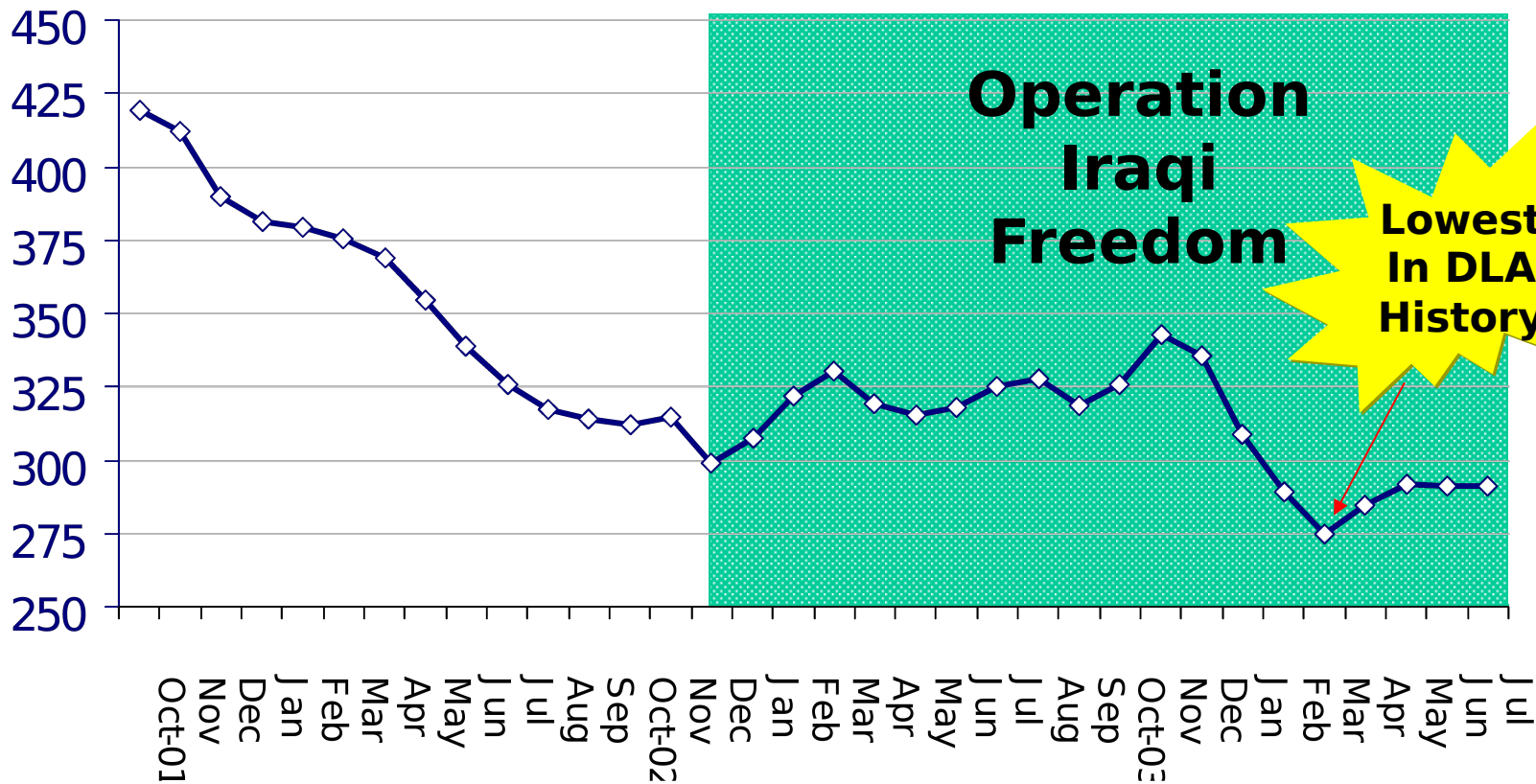
Supply Availability Hardware Total





Backorders - Hardware Total

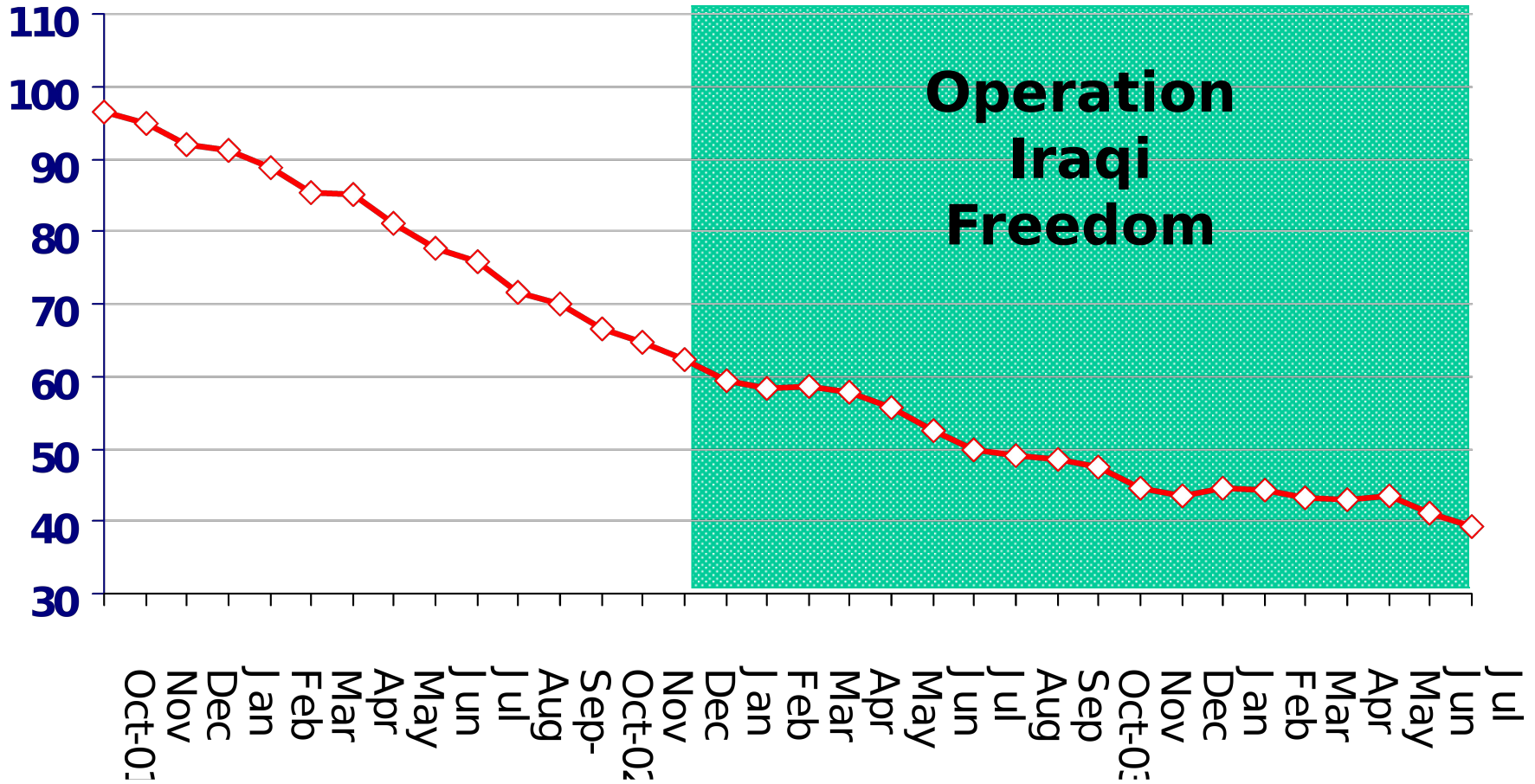
Thousands





Backorders > 180 Days Hardware

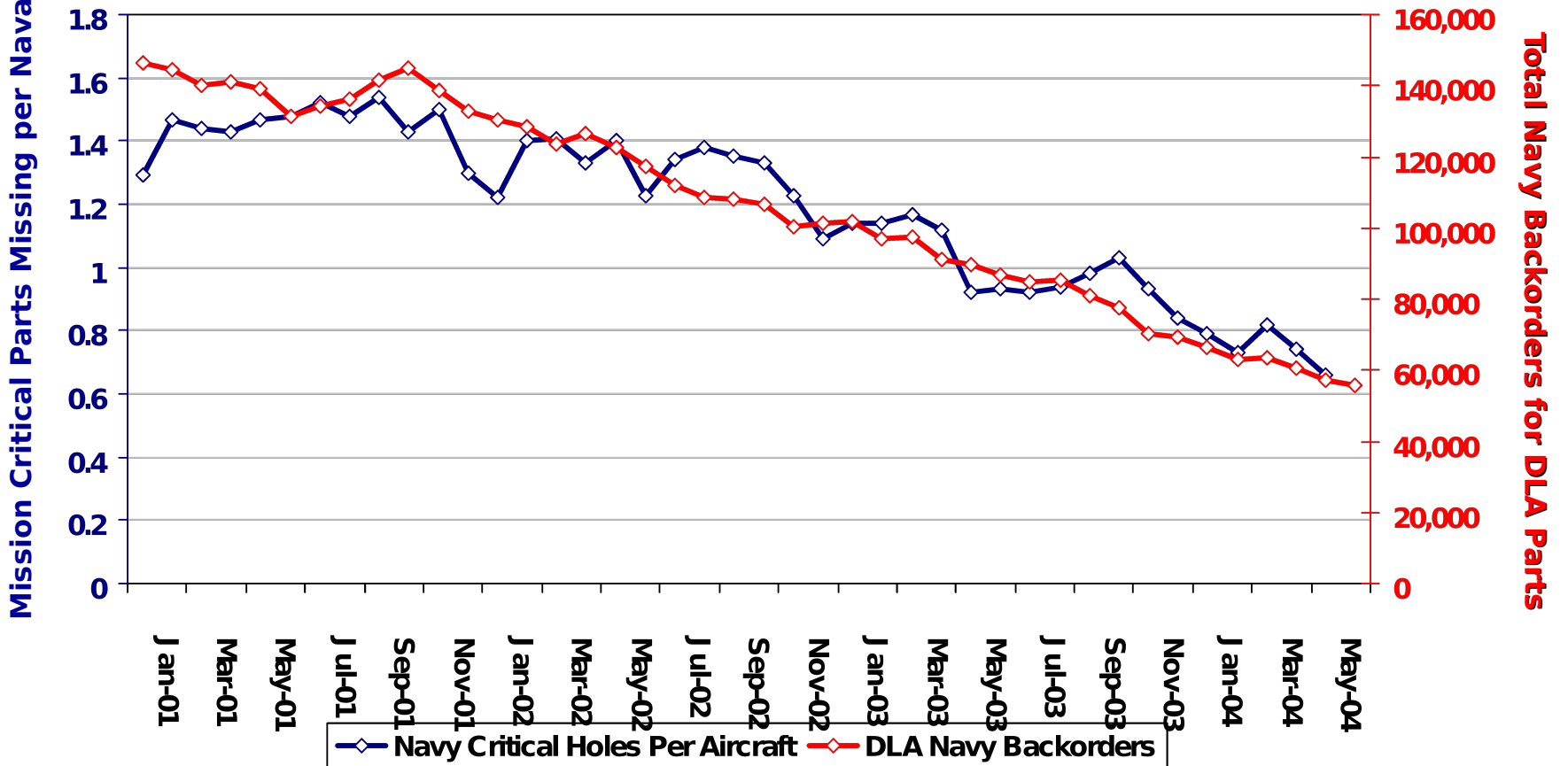
Thousands





Link to Navy Readiness

Total DLA Navy Backorders Relationship to Critical Parts Missing in Naval Aircraft

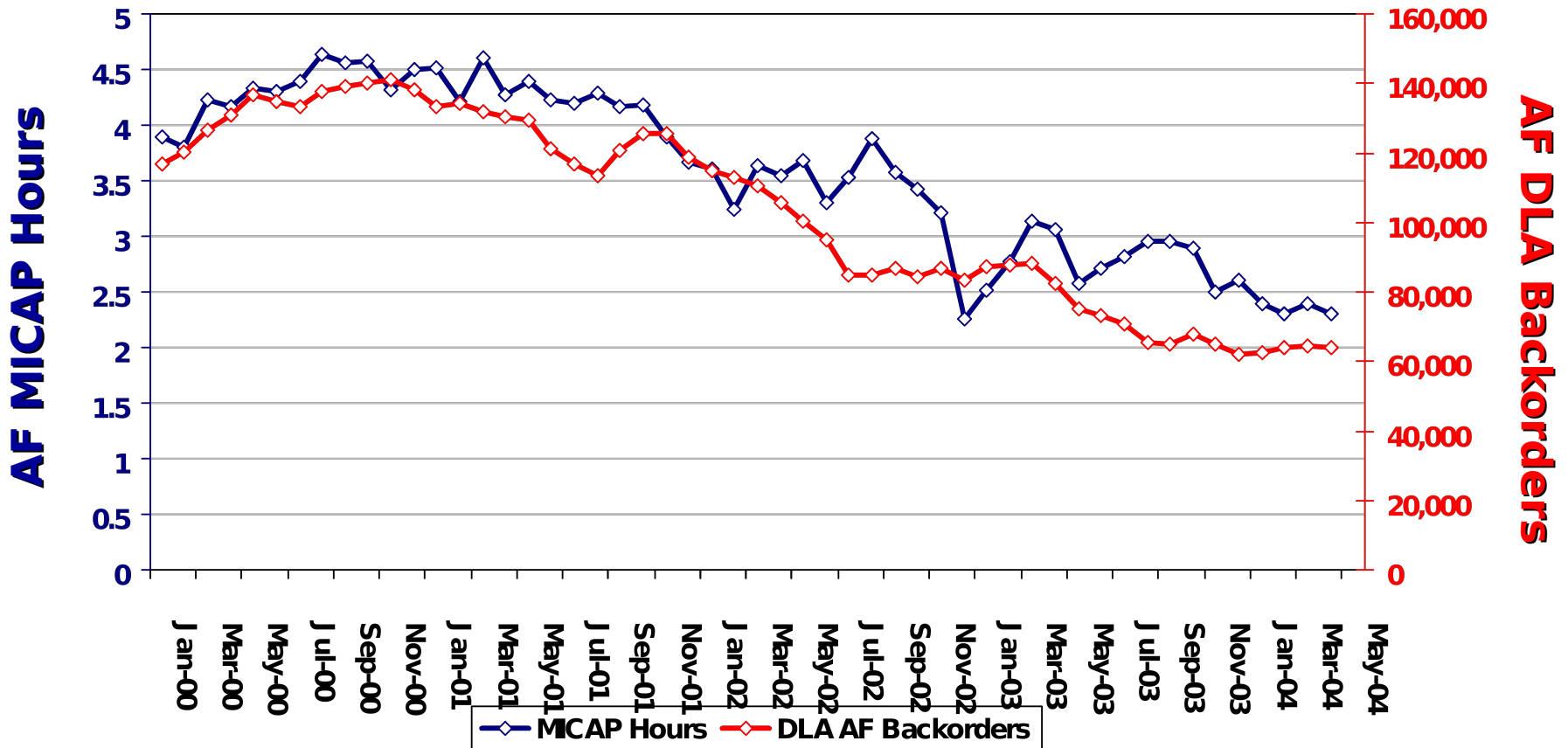


Data Source for Holes in Aircraft: Center for Naval Analysis (CNA) - POC Mr. Craig Goodwyn * A critical part is defined as a part causing a NMC or PMC aircraft



Link to Air Force Readiness

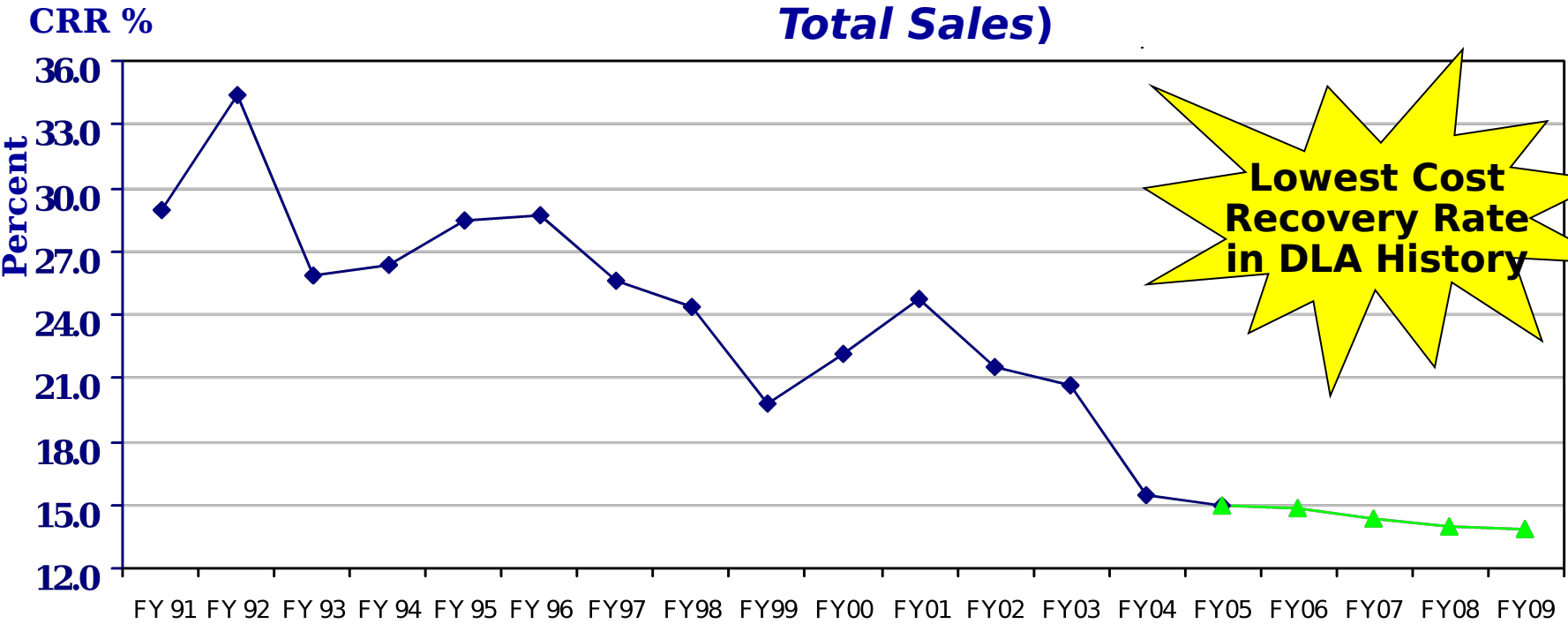
DLA Air Force Weapons System Backorders Relationship to Air Force MICAP





Cost Recovery Rates Over Time

(Operating Costs as a Percentage of Total Sales)



Savings For The Warfighter



How We Did It

- **More stable financing (no hold tables)**
 - **Reduced volatility in workload**
- **Better collaboration with customers and suppliers**
 - **Improved forecasting and delivery**
- **More long-term contracts with suppliers**
- **Increased reliance on more highly automated strategic distribution centers**
- **Shorter administrative lead times through process improvements**
 - **Shifting from manual to automated buying procedures**
- **A-76 process for non-inherently governmental positions**
 - **MEO or contractor levels of support**



What We Are Today... Moving Towards Transformation

- **Refined Goals and Metrics**
- **Instituted Robust Performance Reviews**
- **Focused on Backorder and Cost Reductions**
- **Streamlined Procurement Processes**
- **Fully Supported by DoD Leadership**
 - **Requirements Fully Funded**



DLA Tomorrow... What We Are Going To Be

FY 03-09

Characteristics:

Light and Agile
Smaller Footprint
Information Intensive
Knowledge Based
Integrated Processes
Collaboration with Customers
Service Oriented
Proactive



Transformation Plan:

**Business Systems
Modernization**
Competitive Sourcing
**Shift to Commercial
Practices**
**Customer Relationship
Management**



Transformation Key Initiatives

- **Customer Relationship Management - CRM**
 - Processes, tools and people to move from transaction-based to partner relationships
- **Supplier Relationship Management - SRM**
 - Strategic Material Sourcing for 500,000 business drivers
 - Strategic Supplier Alliances with 32 critical suppliers
- **Business Systems Modernization - BSM**
 - End-to-end ERP
 - Order fulfillment, Planning, Procurement, Financial
- **Distribution Planning Management System**
- **DPMS**
 - Robust material positioning & warehouse optimization
 - Global decision making & management for 23 depots



Transformation Key Initiatives

- **Strategic Distribution**
 - Pre-positioning to optimize readiness at least cost
 - OSD, Joint Staff, Service, TRANSCOM and DLA
- **National Inventory Management Strategy**
 - Collaborative inventory investment reduction effort
 - Rationalize levels and inventory management
- **Fuels Automated System**
 - Commercial software - best practices
 - Deploying now - integration w/BSM to follow
- **Executive Agent**
 - DLA-Services partnership synchronize logistics for common materiel: fuel, medical, subsistence and construction
- **Work Force Transformation**



Summary

- **Critical Combat Enabler ... Light and Agile**
- **Focused on Improved warfighter support and reduced costs**
 - **32.8% reduction in backorders and improved readiness (since Oct 01)**
 - **51% decrease in cost recovery rates**
 - **\$1.8B back to services FY 04-09**
- **Record Setting Support with Demand at Historic Highs**
- **DOD Leader In Enterprise System Transformation**

**Tomorrow's vision ... smaller, more
efficient, leveraged with best
business practices**